



Mortimer B. Fuller, III
Chairman and Chief Executive Officer

July 11, 2005

Richard F. Timmons
President
American Short Line and Regional Railroad Association
50 F Street, N.W.
Suite 7020
Washington, D.C. 20001-1564

SUBJ: Fall Peak Service Demands and Infrastructure Improvements

Dear Mr. Timmons:

I was pleased that you afforded me the opportunity to respond on behalf of Genesee & Wyoming railroads to Chairman Nober's concerns regarding potential problems and related preparations by the nation's railroads for the upcoming Fall Peak. I think it's important that we identify potential problems and corresponding courses of action candidly to our shippers so that the transportation community can produce the best possible service outcome.

First, from a G&W perspective, the short line railroad industry is not capacity constrained at this time. In fact, we view the current railroad capacity issues as an opportunity to increase our menu of services offered to assist our Class I connections with this recurring problem. For example, we have offered to assume the transfer responsibility for the interchange of traffic between the Class I connections and our short line operations in Oregon, Utah, New York, Florida and elsewhere. We are working with Class I's to increase the flow of overhead traffic between Meridian, MS and Montgomery, AL in an effort to ease potential congestion in New Orleans, Memphis and Birmingham. I might add these are very positive, cooperative initiatives that will also help ease the strain on manpower and equipment in these regions.

As you may be aware, G&W railroads serve five port operations in the Southeast and four on the Gulf. We do not expect to experience rail service problems at any of these operations this fall. Having said that, we operate timber and forest products-dependent railroads in Oregon and Arkansas and serve over twenty large paper mill complexes across the country. We are concerned that any slowing in the velocity of the US rail

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network this fall will create spot equipment shortages, thus adversely impacting our ability to furnish suitable empty equipment to our many customers. For this reason, I think it is important the short line railroad industry differentiate its service problems from those of the Class I railroad during peak season, while continuing to emphasize our willingness and ability to be part of the solution.

Regarding Chairman Nober's rail - shipper communication concerns, G&W will continue to communicate with its customers and connections this fall to assist each in meeting the projected demand. We feel that the ability of short lines to reach out and personally touch on-line shippers is an effective communication tool. Also, as a member of the ASLRRRA and the AAR, we have sent representatives to many of the various shipper and rail industry forums that have taken place recently. We are involved in the planning of and will participate as needed, in the upcoming 2005 North American Railroad Customer Forum sponsored by AAR's NEMC and are represented on the Rail Shipper Transportation Advisory Council.

In summary, while I am concerned about potential spot equipment shortages this fall, I remain confident that the G&W railroads are prepared for the upcoming Fall Peak and each is willing to assist in handling this demand, as is appropriate.

Very truly yours,

Mortimer B. Fuller, III

MBF:vmr/05104
cc:James W. Benz